



**Parker Wilson**  
Vice President – Regulatory law

July 3, 2017

**Via Email and**  
**Certified Mail RRR No. 7016 2070 0000 5835 3854**

Edwin Quinones  
Assistant Regional Counsel  
Environmental Protection Agency  
Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, Texas 75202-2733

Re: Corpus Christi Drinking Water Incident of December, 2016  
March 8, 2017 Meeting with EPA and Valero

Dear Mr. Quinones,

I am in receipt of your letter dated June 15, 2017 in which you summarized discussions that occurred between Valero and Region 6 on March 8th relating to a backflow issue in Corpus Christi in November and December of 2016. While your summary was for the most part accurate it obviously does not tell the whole story, which of course and understandably would require much more detail. That said, there are a couple of items in your letter that I would like to clarify.

Item 1

On page 1 of the letter, in the second paragraph, you state that “Part of the lease agreement includes Ergon’s obligations to pay Valero on a monthly basis for the use of water Ergon’s facility uses.” The lease does not actually contemplate an expected use of water by Ergon at the site nor a price or rate for any water potentially used, but it does give Ergon the right, at its discretion, to receive, use and enjoy water delivered by a private or public utility at Ergon’s expense. The relevant lease language is excerpted below:

“Valero hereby grants to Ergon . . . (iii) the right to receive, use, and enjoy any existing public and private utility services at the Leased Premises, including by way of example but not limited to (if any) sewer, water, steam, electricity, fuel waste disposal, and telephone, all at Ergon’s expense. Valero will provide access (at no cost to Valero) to any additional utilities necessary for Ergon’s Permitted Use at the Leased Premises and shall not take or omit to take any action which results in the unreasonable interruption or termination of such utility services.”

Ergon has historically taken potable water off a 2" line dedicated to its operations and then on a monthly basis reimburses Valero for the direct cost of that water as billed to Valero by the City. It is the City's preference, pursuant to Section 55-95, Rule 2, of the municipal code that Valero pay the "water rents for all premises thus supplied, as separate water bills will not be made . . .". As you noted in your letter, Ergon reimburses Valero for its proportional use of water at the premises based on a separate, downstream water meter located at Ergon's facility.

Item 2

On page 2 of the letter, in the second paragraph, you state the following: "When the last incident occurred in December, Valero employees notified the City of Corpus Christi, at which time the city sent one of its employees to investigate. During that investigation, the City and Valero discovered that a product from Ergon's facility, known as Indulin AA-86 and used as part of its manufacturing process, may have entered into its water line and traveled into one or both of the Valero facility's water lines. Part of the cause for this was due to the fact that neither the Ergon facility water line nor the Valero facility's two other water lines had backflow preventers."

There are two clarifications to be made here. First, at the time of the last incident, on or about December 13<sup>th</sup>, the substance in the water was not known. Valero had suspected the contaminant was from Ergon's processes but could neither identify nor confirm that it was Indulin AA-86. Second, the absence of backflow preventers on Valero's lines did not cause or contribute to the backflow event. Had the backflow preventers which were installed on Valero's two lines after the events been present prior to the events they would have done nothing to have prevented any of the backflows from happening.

I appreciate the opportunity to reply to your summary of the March 8 meeting. If you have any questions or need any additional information or clarification, please let me know.

Sincerely,



Parker Wilson  
Vice President, Regulatory Law

PW